



Writer's Direct Dial: 703.755.6730  
Facsimile Number: 703.755.6740  
Sheba.Chacko@bt.com

October 15, 2012

*Via Electronic Filing*  
Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

*EX PARTE LETTER*

RE: Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25

Dear Secretary Dortch:

On October 11, 2012, BT met with Zac Katz, Chief of Staff, and Michael Steffen, Legal Advisor to the Chairman. Representing BT were Sean Williams, BT Group Director of Strategy, Policy and Portfolio, Sheba Chacko, Senior Counsel and Head, North American Regulation and Global Telecoms Policy, and Jennifer Taylor Hodges, VP, US Government Affairs.

During this meeting, BT discussed regulation of access dominance by Ofcom, the UK regulator, and how such regulation has resulted in positive outcomes for residential and business consumers in the UK. BT explained that where it possesses market power in the UK, it is subject to a dual regimen of constraints – one stemming from Ofcom's implementation of the EC's telecoms regulatory framework, which allows for remedies such as price controls, accounting separation and publication of metrics to be placed on BT, and the other from undertakings BT made to Ofcom. Pursuant to the undertakings BT's enduring bottleneck assets were placed in a functionally separate unit ("openreach") that is subject to heightened nondiscrimination obligations and controls. As a result, UK consumers now enjoy some of the lowest broadband prices amongst developed economies, ubiquity of Ethernet access and low prices, and a high ranking on Boston Consulting Group's e-intensity index which measures Internet strength and activity across nations. In addition, BT explained that heightened regulation of its access bottlenecks has not dis-incentivized its fiber to the cabinet ("FTTC") investment in the UK. Nor has the obligation to share its FTTC investment with competitors ruined its business case for FTTC. This discussion about positive outcomes for consumers is summarized in the presentation at Attachment 1 which was distributed during the meeting.

BT also highlighted that Ofcom conducts a regular review of the UK equivalent of the special access market every three years, that Ofcom examines the state of competition for a set of

TDM and Ethernet business access products in ten thousand postal sector codes in the UK, and then applies price controls amongst other remedies. A description of the market power analysis Ofcom undertakes and how this analysis might be adapted for the US market is contained in BT's Comments filed in this docket on January 19, 2010.<sup>1</sup>

If you have any questions regarding any matters discussed herein please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'SChacko'.

Sheba Chacko  
Head, North American Regulation and Global Telecoms  
Policy, BT

cc: Zac Katz  
Michael Steffen

---

<sup>1</sup> Comments of BT Americas Inc., WC Docket No. 05-25 (filed Jan. 19, 2010).